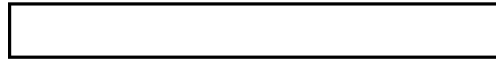


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## BIWEEKLY REPORT

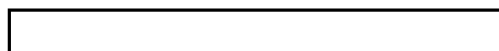
# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/58

28 April 1958

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events  
11 - 24 April 1958

Indonesia continued to be the center of Sino-Soviet Bloc activity in underdeveloped countries of the Free World during the period 11 - 24 April 1958. Notes were exchanged between the Indonesian government and the Chinese Communist Embassy in Djakarta providing for a credit of about \$11 million to cover Indonesian imports of rice and textiles from Communist China. This credit, which reportedly calls for a repayment period of 10 years at an interest rate of 2-1/2 percent, was cited by the Indonesian press as the first step toward the conclusion of a formal credit agreement with Communist China.

The USSR has offered Indonesia a credit in the amount of about \$25 million. Further reports from Djakarta indicate that the Indonesian government has reached an informal understanding with Poland for the construction on credit of 2 or 3 ships for service in Indonesian waters. A similar offer from Hungary for the construction of an unspecified number of ships is currently under negotiation.

The sugar mill constructed near Jogjakarta with East German financial and technical assistance was formally declared completed on 31 March and will begin commercial operations in July, almost 2 years later than originally scheduled. Although there has been little public comment on the project, various Indonesians have privately expressed disillusionment with this example of Bloc technical aid. Another Satellite project, a tin and rubber goods factory being constructed with technical assistance from Czechoslovakia, also is far behind schedule.

A team of experts from Communist China arrived in Yemen to discuss implementation of the \$16-million credit agreement concluded in January. This delegation is the latest group of Bloc technicians to arrive in recent months in connection with a variety of construction projects and surveys which the Bloc is undertaking in this Arab

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kingdom. Its presence brings the total number of Bloc technical personnel in Yemen to approximately 150.

In mid-April the Uruguayan state fuels monopoly, ANCAP, tentatively agreed to the first of a possible 10 shipments of Soviet petroleum. Since October 1957, Bloc trade penetration of Uruguay has picked up momentum, with total Soviet purchases since that date of wool and other products amounting to about \$18 million. ANCAP purchases from the USSR have been encouraged by the Uruguayan Central Bank, which seeks to conserve its dwindling supply of hard currency.

Since 1955, nearly 1,500 military personnel from underdeveloped countries have undergone training in the Bloc. Courses of instruction have included many phases of ground, air, and naval training and were undertaken primarily in Poland, the USSR, and Czechoslovakia. Most of the training has been for short periods, usually less than 6 months, but in 1957 the USSR began to emphasize training involving periods of 1 year or more. Staff and line officers through the rank of general are being trained for command assignments. An undetermined number of Egyptian officers are being trained in Soviet army organization and tactics, and high-ranking Syrian officers are being selected to undertake training programs at the staff college at Frunze, the senior Soviet military college.

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